Backgrounder

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Center for Immigration Studies

An Evaluation of the Foreign Student Program

By George J. Borjas

The following evaluation of the foreign student program concludes that:

- *The INS has little control over the number and type of students being admitted;*
- *The program is littered with corruption and fraud;*
- *American taxpayers subsidize a sizable part of the tuition of foreign students;*
- *The benefits from the program are greatly exaggerated, and the program may well generate a net economic loss for the country;*
- *The program is best viewed as yet another redistribution program, shifting wealth away from native workers and taxpayers and redistributing it to universities and foreigners.*

Many foreign leaders, ranging from Pakistan's former President Benazir Bhutto to Mexico's Carlos Salinas de Gortari, from Israel's Prime Minister Ehud Barak to Philippines' Corazon Aquino, obtained part of their education in the United States. One can easily argue that such training may be one of America's highest valued exports. By giving future foreign leaders first-hand exposure to American democratic values and showing them how the system works, we are presumably building a safer and more prosperous world.

Another foreign student, Hani Hasan Hanjour, a 26-year-old Saudi national, got a student visa to study English at ELS Language Centers in Oakland, California, a Berlitz-owned school that leases space at a local college. Hanjour did not attend a single English class. Instead, he became one of the terrorists in the plane that crashed into the Pentagon on September 11. And two other terrorists—including Mohammed Atta, the presumed ringleader—were waiting for the official approval of their student visas to attend flight school, an approval that the Immigration and Naturalization Service dutifully mailed out six months after the attacks. Understandably, many Americans demanded to know just how many foreign students were present in the country, and how many of those students originated in the countries identified as "terrorist sponsors" by the State Department.

The INS, however, had not learned the lesson from the Iranian hostage crisis in 1979, when President Carter considered the possibility of retaliating by expelling all the Iranian students then enrolled in American colleges and universities. He too wished to know how many such students would be affected. The INS could not provide that number during the entire 444 days of the crisis. And the INS *still* has no way of determining how many foreign students are present in the United States.

The United States issues two types of "nonpermanent" visas for persons wishing to study in the country, the "F-1" visa for academic studies and the "M-1" visa for vocational training (such as flight training). The number of student visas issued to foreigners has grown dramatically in the past few decades. In 1971, the State Department issued only 65,000 student visas. In 2000, it issued 315,000 visas. (See Figure 1.) This increase transformed the ethnic mix of students in the typical American university, particularly at the graduate level. By 1997, 2.2 percent of undergraduates and 10.8 of graduate students were foreign students. The impact is particularly striking in some educational programs and fields. Foreign students received 35.4 percent of all doctorates awarded in the physical sciences, 48.9 percent in engineering, 27.2 percent in the life sciences, and 23.3 percent in the social sciences. In contrast, foreign students received only 8.4 percent of the doctorates awarded in education.

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There is little doubt that the foreign student program has been spinning out of control for years. The September 11 attacks motivated Senator Dianne Feinstein (D-CA) to quickly propose a six-month moratorium on student visas, giving the INS a breathing period to put the program back in shape and under tighter control. After intense lobbying by the nation's universities, who quickly—and correctly—perceived the economic impact of the moratorium as an interruption of an important source of cheap labor and a loss of tuition revenues, Senator Feinstein withdrew her proposal.

Nevertheless, the fundamental questions will not go away: Is such a large-scale foreign student program in our best interests? What does it cost us? And what does it buy us?

As currently structured, the program certainly increases the number of high-skill workers available to American employers and exposes many future leaders to democratic values and institutions. But the program is so large, so riddled with corruption, and so ineptly run that the INS simply does not know how many foreign students are in the country or where they are enrolled. There are few checks and balances to keep the number of foreign students at a manageable level, or to prevent foreigners from using the many loopholes to enter the country for reasons other than the pursuit of education. Perhaps most important, the program has grown explosively without anyone even asking the most basic question: Does the United States benefit from it?

Getting a Student Visa

A foreigner who wishes to study in the United States starts the process by applying for admission to an educational or vocational institution in the country. To qualify for a student visa, the foreigner must meet the following criteria:

- He must be accepted by an INS-approved educational, vocational, or language program and he must enroll full-time at that institution;
- He must have sufficient funds for self-support during the entire course of study; and
- He must maintain a residence abroad which he has no intention of giving up.

During the amnesty granted to illegal aliens in the late 1980s, when nearly 3 million illegal aliens received permanent residence, around 10 percent of them were persons with temporary visas, including foreign students who had remained in the United States after their visas had expired.

When the student is admitted into a program, the institution sends a Form I-20 to the applicant, a "Certificate of Eligibility for Nonimmigrant Student Status". The student takes this form to the local consulate to apply for the visa. A consular official reviews the application and interviews the student. If the visa is granted, the visa is valid for the length of the educational program. If the student were accepted by several U.S. schools, as is quite common, that student would likely receive several I-20s. Inevitably, there are numerous reports of a black market for the unused I-20s in many countries.

Upon entering the United States, the student fills out yet another form, an I-94 for the INS, the "Arrival-Departure record." The INS count of the number of foreign students admitted in any given year is determined by the number of I-94s filed by persons with student visas. Obviously, the INS count bears little resemblance to the actual number of foreign students admitted since students may travel outside the United States frequently during their period of study. In 1998, for example, the INS reported that 599,000 foreign students entered the country. But the State Department reported issuing only 280,000 student visas. In short, it is too much to expect the INS to know how many foreign students are present in the country if they cannot even keep the correct count of those who enter at the time they enter!

Once enrolled in the United States, the educational institutions do not typically report to the INS if the student has, in fact, enrolled in the educational program. Further, the schools need not report if the student is making normal progress or if the student completed the course of study. Similarly, the student has little incentive to report the current status of his studies, and in fact there is no operational way for the student to do so even if he wished to. There is, in other words, no tracking of foreign students once they enter the United States. This lack of supervision

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makes it quite easy for foreign students to remain permanently in the United States after completion of their studies as illegal aliens. And, in fact, during the amnesty granted to illegal aliens in the late 1980s, when nearly 3 million illegal aliens received permanent residence, around 10 percent of them were persons with temporary visas, including foreign students, who had remained in the United States after their visas had expired.

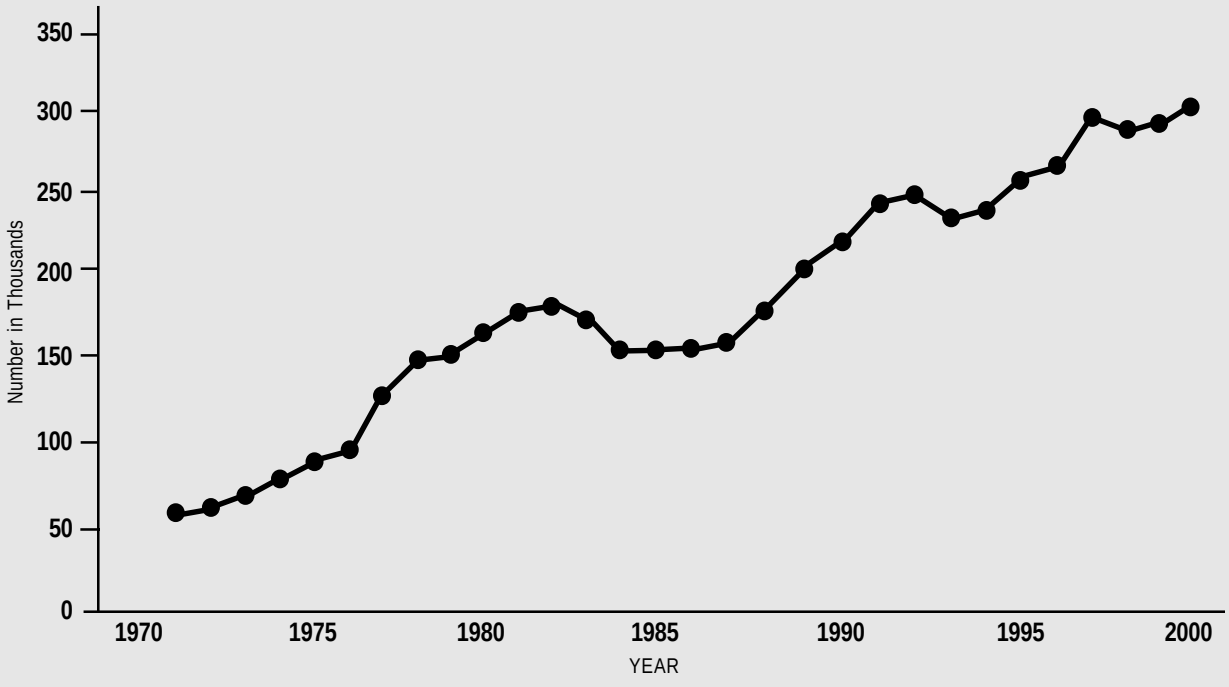
The Bush Administration recently proposed an Internet-based system to track foreign students. Beginning in 2003, each school is supposed to record any changes in a student's address, major, or enrollment status. This approach will probably not be very effective since the INS lacks the resources to take any action if, for example, the University of Southern California reports that 10 of its foreign students dropped out in the past semester. There are already 10 million illegal aliens in the country. Does anyone seriously believe that the INS can somehow find those extra ten?

A Ticket to the United States?

Many foreigners want to study in the United States because they believe that a student visa buys them a ticket into the country. Although the INS does not track foreign students once they enter the United States, they do keep careful count of the persons who receive permanent residence (that is, a green card) in any given year, and of the factors that qualified the recipient for residency. Between 1971 and 1991, just over 3 million persons were issued foreign student visas, and 393,000 of them were able to eventually adjust their immigration status and obtain a green card. The stay rate is around 13 percent, so that only a relatively small number of foreign students seem to be able to remain in the country legally.

Although it might seem that a student visa does not "buy" much of a chance of moving permanently to the United States, the chances would be far smaller without that visa. Foreigners have very few options for migrating legally to the United States unless they already have relatives residing in the country. One potential avenue is to enter the so-called "diversity lottery," wherein the United States raffles out 50,000 permanent residence visas each year. In the last go-round, the lottery attracted more than 10 million applicants, so that the chance of winning a green card is only 0.5 percent, far smaller than the chances provided by a student visa.

Figure 1. Number of Student Visas Issued, 1971-2000



Source: U.S. Department of State, Annual Report of the Visa Office, various years

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The United States has delegated its legitimate role of selecting the immigrant flow to thousands of privately run entities whose incentives need not coincide with the national interest.

The available data also contradict the widespread perception that the foreign students who remain in the United States are the best and brightest, who find themselves swamped with job offers from American firms once they complete their studies. It turns out that over half of the green cards granted to foreign students are the result of marriage—either to an American citizen or to a permanent resident. And an additional 10 percent of the green cards are granted for other family reasons (such as the student having parents or siblings who are American citizens or permanent residents). In short, almost two-thirds of all permanent residence visas granted to foreign students have nothing to do with "exceptional skills" or "high job demand," but are granted because of family connections. The employment-related categories account for only 28 percent of the foreign students awarded permanent residency.

The route to legal immigration provided by the foreign student program is the same as that provided by the rest of U.S. immigration policy: It prefers visa applicants who have family already living in the United States regardless of their potential economic contribution to the country. The student visa program adds an extra twist to the family reunification scheme: it favors those students who get lucky in the U.S. marriage market.

Just Who Runs Immigration Policy?

It would seem that a major roadblock in obtaining a student visa is that the foreign applicant must be admitted by an "INS-approved" educational institution. On paper, the restrictions for earning the INS seal of approval seem challenging. An approved school must be a "school operated as a public educational institution by federal, state, or local government," or "a school accredited by a nationally recognized accrediting agency." In fact, the INS regulations for allowing particular schools to accept foreign applicants seem to be exceptionally lax. There are about 73,000 U.S. schools that have been certified by the INS to accept foreign students.

At face value, this number seems implausibly large. There are, after all, only about 4,000 colleges and universities in the country, at most 6,000 more state-accredited vocational schools, and only 24,000 secondary schools. But the list also includes thousands of elementary schools, which presumably could also sponsor the entry of foreign students. It is eye-opening to work through the actual list of institutions that can hand out I-20s to foreign students. In the San Diego area alone, the INS granted its seal of approval to nearly 400 institutions, ranging from the University of California at San Diego and San Diego State University, to the College of English Language (where new courses start every Monday), Avance Beauty College, the Asian American Acupuncture University, and the San Diego Golf Academy. The INS seal of approval, therefore, seems to be routinely handed out to any language center or institution that claims to provide almost any type of training.

Because there are so many INS-approved institutions, anyone with the financial resources can "buy" a student visa to come to the United States for an extended period—and increase their chances of permanently migrating to the country. In an important sense, the United States has delegated its legitimate role of selecting the immigrant flow to thousands of privately run entities whose incentives need not coincide with the national interest. In the words of a Deputy Assistant Secretary of State for Visa Services: "A school in the United States can be found for even the poorest academic achiever…Unfortunately, schools that actively recruit foreign students for primarily economic reasons, and without regard to their qualifications or intentions, may encourage such high-risk underachievers to seek student visa status as a ticket into the United States."[1]

Consider the financial incentives faced by large research universities when they make their admission decisions. These universities need many workers to staff their physical science laboratories and teaching assistants to assign to large undergraduate classes, and they would obviously prefer to fill these positions at low salaries. The foreign student program provides an almost limitless supply of these willing workers.

Consider the motivations of the thousands of privately run vocational or language schools in the United States. The owners of these schools benefit a great deal by having more tuition-paying students, and

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there is a huge incentive to effectively sell visas to enter the United States under the guise of a foreign student program.

And just in case the educational institutions overlook the financial considerations, there are plenty of lobbying organizations that are more than willing to remind them. The website of the IEF Education Foundation, a non-profit organization that claims to "bring together the world's finest students with the U.S. educational system," makes the obvious point to its institutional clients: "Many of you are interested in recruiting students from China. We share your interests in this *lucrative* market" [my italics].[2]

In fact, there are reports that the foreign student program has corrupted the admission and educational process at some schools in the United States. A recent well-publicized example involved a San Diego-area businessman who received between $200,000 and $300,000 to procure student visas for Middle Eastern students. This corrupt scheme was so intricate that it included an admissions officer who accepted bribes to admit the foreign students, as well as professors at three different colleges who sold passing grades to the students.[3]

The incentives for corruption are even stronger abroad. As noted above, immigration policy provides very few ways of moving to the United States permanently for persons who do not have family already residing in the country. The foreign student program is correctly perceived as providing one of those rare opportunities. As a result, many foreign countries have a thriving industry of consulting firms that specialize in greasing the wheels of the immigration process for prospective students. For example, the demand for student visas by Chinese nationals is so strong that, according to a U.S. consular official in Beijing, a fee of $10,000 buys phony letters of recommendation, false evidence of economic support, and even professional actors or actresses to stand in during the interview with consular officials.[4]

The Internet has numerous websites of firms that guide prospective students for a fee. In India, for example, the Foreign Students Service Bureau (www.fssbusa.com) will "guarantee an I-20 form" for about $800, and they even list the schools where the potential student will be enrolled. The list of the 92 schools used by the FSSB is topped by the University of Wisconsin at Milwaukee, Southern Illinois University at Carbondale, and the University of South Carolina. (The FSSB removed the fee information from its website soon after the first draft of this article began circulating.)

Inevitably, there is a great deal of free-market competition among these consulting firms. A South Korean immigration attorney with an extensive site (www.visas-usa.com/library/foreign_students_ch1_e.htm) gives the following piece of fatherly advice: "There are probably hundreds of '*YooHakWon*' in Seoul, all specializing in helping students find a school in the United States. As with everything in life, there are advantages and disadvantages in retaining their services. The advantage is that they will probably help you obtain an I-20 Form… The disadvantage is that the school chosen for you may not be the right school for you. All '*YooHakWons*' in Korea receive a commission from a school in the United States when they introduce a student to them…they may try to introduce you to a school from which they receive a commission, rather than finding a school which is right for you."

And for the stout-hearted who nevertheless go on and hire their own *coyote* to help them get into the United States, the advice continues: "If you do decide to retain services of "*YooHakWon*", watch out for those companies which claim that they will *guarantee* your obtaining F-1 visa, and ask you to pay a lot of money (about $10,000 U.S. dollars)…they are using illegal means to obtain F-1 visas. In the past and perhaps even in the present, many F-1 visas were obtained through bribery of workers at the American Embassy in Seoul."

As with its lax border enforcement that allowed 10 million illegal aliens to permanently move to the United States, the INS has relegated the business of vetting prospective students to an amazingly large number of institutions that benefit financially from the presence of foreign students and to foreign consultants who brazenly misuse, distort, and pervert the system. Almost surely, this corrupt outcome has little to do with whatever noble goals motivate the program's supporters.

Does the United States Benefit From the Foreign Student Program?

Foreign students generate three distinct types of *measurable* costs and benefits. First, 13 percent of foreign students remain in the United States, permanently increasing the number of skilled workers in the labor

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force. Second, foreign students, while enrolled in schools, are an important part of the workforce at those institutions, particularly at large research universities. They help teach large undergraduate classes, provide research assistance to the faculty, and make up an important fraction of the bench workers in scientific labs. Finally, many foreign students pay tuition, and those revenues may be an important source of income for educational institutions.

Consider first the benefits accruing from the 13 percent of the foreign students who manage to obtain a green card and remain in the United States permanently. These immigrants reduce wages slightly in the labor market for skilled workers, and raise the profits of the firms that employ them. As with free trade, the gains accruing to the firms exceed the total losses accruing to the workers, so that the nation as a whole gains. It must be the case, however, that the net gain that accrues to the entire native-born population is small. A review conducted by the National Academy of Sciences in 1997 concluded that the resurgence of immigration in the past few decades almost certainly increased the income accruing to the native population by less than $10 billion a year. Only a very small fraction of the permanent immigrant population entered the United States as foreign students—probably less than 2 percent. Even if these foreign graduates account for a disproportionately large part of the net gains, say as much as 5 percent, the net gain accruing to Americans would still be less than $500 million per year. In short, the net gain generated by the labor market contribution of the foreign students who remain in the United States is quite modest.

Consider next the benefits that arise because foreign students often work during their period of study. These foreign student workers could also generate substantial economic benefits, particularly for the universities that employ them. In fact, one often hears the claim that "big science," as currently structured in American universities, would cease to exist were it not for the almost limitless supply of cheap foreign student labor. After all, someone must help with the teaching of the very large sections of undergraduate calculus, and must physically conduct and keep track of the thousands of experiments that senior scientists design. This claim echoes what one often hears about Mexican illegal aliens and the California agricultural sector. And, in fact, foreign students play the same role in staffing the research labs of American universities that Mexican illegal workers play in staffing the vast agricultural fields of California. Both groups of workers enter the country, substantially increase the supply of workers, lower wages in their respective occupations, and increase the profits and economic resources of the companies that hire them.

As noted above, the entire net gain from immigration is probably less than $10 billion a year. And some fraction of this $10 billion net gain should be attributed to the economic gains from employing foreign students while they are in school. In 2000, the gross output of the entire higher education sector was only $63.2 billion, or roughly 0.6 percent of GDP. By using the textbook model of economic theory (that is, the laws of supply and demand), one can show that even though immigrants are an important part of employment in that sector, the sector is so small that even a foreign student program that increased the number of workers by as much as 25 percent could not possibly account for more than $400 million of the $10 billion net gain.

Even though the total net gain to the overall economy from the employment of foreign students and foreign graduates is quite modest, less than $1 billion per year, the higher education industry can gain substantially. As an illustration, suppose that 75 percent of the $63 billion gross output in this sector is distributed to its workers in terms of wages and salaries. This implies that workers in higher-education get around $50 billion annually (or $63 billion times .75). If the huge influx of foreign-student workers has lowered wages by only 5 percent, the payroll savings would exceed $2 billion each year, transferring a significant amount of wealth from workers to firms in that industry. In short, the foreign student program makes universities much better off, easily explaining why they have financial incentives to continue recruiting in foreign markets.

There is one last source of measurable costs and benefits: Foreign students pay tuition, and these tuition revenues—if they were to exceed the actual cost of providing the education—could be an additional source of economic gains. It turns out, however, that the pricing of higher education in the United States is highly distorted in both private and public institutions, with the typical tuition payment *not* being sufficiently large to cover the actual cost of the education—even in the absence of financial aid.

Gordon Winston, Director of the Williams

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College Project on the Economics of Higher Education, has calculated these subsidies for both private and public universities. He estimates that the average per-student subsidy, even if students were to pay the "sticker price" tuition, is $6,400 in private universities and $9,200 in public universities, with the subsidy being substantially higher at the most elite institutions.[5] To give an example, out-of-state residents are charged an additional $10,704 in tuition at UCLA and $14,708 at the University of Michigan. However, Winston estimates that the per-student cost could be as much as $24,740 at these high-ranked institutions, so that even the high out-of-state tuition paid by foreigners could not possibly cover the costs of education.

These subsidies are bound to play a major role in any cost-benefit calculation of the foreign student program. For example, consider only the subsidy received by the 275,000 foreign students enrolled in public colleges and universities. The taxpayer subsidy to these institutions is around $9,200 a year per student. The total annual subsidy is then around $2.5 billion a year, sufficiently large to outweigh any of the productivity benefits that foreign students presumably impart on the nation.

Put differently, from a national perspective, the foreign student program does not seem to pay its way. The net gain from the employment of foreign students and foreign graduates may be around $1 billion, while the subsidy accruing to foreign students is more than twice as high. In this case, the policy implied by the narrow financial interests of the higher education sector (Recruit more foreign students!) is simply not the same as the policy that would be implied by the national interest.

One important qualification with these calculations is that the $9,200 estimate of the per-student subsidy measures the *average* subsidy provided to a typical student, and this number may not truly reflect the cost of educating one more person in the institution. When admitting foreign students, for example, a university may simply increase the size of its student body without increasing the number of faculty or expanding its facilities. In effect, the additional student generates revenue, but no costs. It is hard to believe, however, that a public institution like Purdue University can add 4,500 foreign students to its native enrollment of 33,000 without either incurring additional costs or greatly diluting the quality of its education.

In the end, this approach to thinking about the costs and benefits of the foreign student program teaches two lessons. First, the program is best viewed as yet another redistribution program, taking wealth away from native workers and taxpayers and redistributing it to universities and foreigners. Second, the calculation suggests that it is far from clear that the program pays its way. The net benefits provided by the foreign student workers could be easily outweighed by the cost the program imposes on taxpayers.

Other Impacts of Foreign Students

So far, I have discussed the impact of foreign students on the costs and benefits that we can easily observe and measure. The stereotypical discussion on the contribution of the foreign student program, however, typically focuses on impacts that cannot be so easily measured, and is often paraphrased with something like: "It goes almost without saying the entire nation benefits from international education," as David Ward, current President of the American Council of Education and former Chancellor of the University of Wisconsin, Madison, recently did in Congressional testimony.[6]

Since these observers find it so patently obvious that huge benefits exist, they typically see no need but to list, in the most general way possible, the generic source of those benefits. For example, Michael Becraft, former Acting Deputing Commissioner of the INS, relied on tried-and-true platitudes: "Foreign student programs have been found to serve U.S. foreign policy objectives by exposing nationals of other countries to the institutions and culture of the United States, by helping to cement alliances with other countries, and by transferring knowledge and skills to other countries, particularly developing countries."[7]

In contrast, Dr. Ward's account relied on his extensive experience with foreign students: "Without exception, I found them to be diligent and hard working individuals who…brought an important element of diversity to our institution and helped expose Ameri-

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If having foreign students enrolled in American universities is so valuable to American students (preparing them for "the world that they would encounter after graduation"), why do we not see foreign countries offering thousands of dollars to induce American students to attend foreign universities?

can-born students to the world that they would encounter after graduating from college….The enormous advances in computational sciences in the 1980s would not have occurred without the student and faculty exchange programs that brought so many talented people to this country."[8]

And, if one is so predisposed, it is easy to think of many more items that could be added to this generic list of potential benefits: the large numbers of foreign students employed in research labs quicken the pace of scientific discoveries; these discoveries increase the productivity of workers outside the higher education sector; foreign students will eventually become leaders in their own countries and pursue policies that will be influenced (hopefully in a pro-American way!) by their American sojourn; and so on.

Needless to say, there is little evidence to support any of these claims. While some of these benefits could exist and be substantial, it is prudent to be somewhat skeptical—particularly when the claims are made by persons representing an industry that gains financially from the presence of foreign students. If having foreign students enrolled in American universities is so valuable to American students (preparing them for "the world that they would encounter after graduating"), why do we not see foreign countries offering tens of thousands of dollars to induce American students to attend foreign universities? Those countries, it would seem, have much more to gain by exposing *their* students to Americans. After all, the United States is the world's largest economic market, and its culture and politics dominate world affairs. Yet, somehow, France has managed with fewer than 12,000 American students enrolled in its higher education sector, and Germany with fewer than 5,000. These Americans represent a tiny fraction of total enrollment in the higher education sector in those countries.

There is also the argument that the United States gains because the foreign student program lets us "skim" the best talent from other countries, and these highly exceptional persons will make important contributions in the arts, sciences, and politics after they settle in our country. As I noted earlier, however, over half of the foreign students who end up staying in the United States do so not because of their exceptional skills or because of high job demand for their services, but simply because they found an American spouse. Moreover, the actual way in which foreigners try to obtain student visas, and American educational institutions try to recruit them, does not bode well for an argument that only the best and the brightest somehow show up on our doorstep.

It is not even clear that it would be desirable for the United States to skim the best and brightest from abroad. Is the United States truly better off if it drains off the most capable engineers and brightest programmers from developing countries? Such a drain of human capital would further widen the income gap between the United States and the rest of the world, creating more incentives for migration to this country, adding to the pressures that low-skill workers face in the U.S. labor market, and increasing the expenditures on public assistance that such immigrants would likely receive. In addition, the resulting increase in global inequality would further aggravate many social and political conflicts.

There are many other hard-to-measure impacts that need to be considered when assessing the foreign student program. For example, it is well known that the labor market prospects for graduate students in bioscience worsened steadily over the past two decades, as more and more foreign students entered the field. A doctoral student in bioscience cannot expect to be employed in a permanent academic job until after completing a series of low-paid post-doctoral fellowships; the typical graduate from these programs is in her mid-30s by the time she earns her first professional salary. It is unlikely that the labor market in one of the hottest scientific fields would have been so soft had there not been a huge influx of foreign labor. While bright native-born undergraduates opt to pursue fields that have not been targeted by immigrants, such as business and law, the poor career prospects in bioscience remain quite attractive to students from India or China. In short, the influx of large numbers of foreign students into particular programs probably altered the

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educational plans of generations of native-born Americans. And it is far from clear whether such a distortion in the career choices of our brightest students is in the national interest.

It is also worth emphasizing that the notion that Americans are not interested in scientific careers—and that is why we must keep importing foreign students—is plain nonsense. What Americans are not interested in is in pursuing a career where they have to compete with workers who originate in very poor countries and are willing and able to work for very low wages in the United States. As we saw with the computer boom of the 1990s, Americans are more than willing to acquire brand new skills when there is a substantial market reward for those skills. In the absence of the huge flows of foreign students, university labs would have to compete for graduate students and postdoctoral fellows by offering higher stipends and better working conditions, inducing many more Americans to enter these technical fields.

Finally, one could plausibly argue that foreign students have lowered the quality of undergraduate education. Undergraduates often charge that the lack of English language proficiency among many foreign-born teaching assistants obstructs their understanding of the material. And a few studies provide some evidence that foreign born teaching assistants do indeed have an adverse effect on the academic achievement of U.S.-born undergraduates, as measured by the grade that students receive in the class or other test scores.

Foreign students surely influence many aspects of American economic and social life, and the fact that some impacts cannot be easily measured does not mean that such impacts do not exist. It could be the case, for example, that the foreign student program has indeed speeded up the rate of scientific discovery by allowing full-staffed labs to run efficiently for long periods of time. But one should be highly skeptical of arguments that typically depend on these undocumented effects to mobilize support for a large-scale foreign student program, particularly when those arguments are made by groups that have a financial stake in the outcome. And it is worth remembering that hard-to-measure impacts often come in two flavors; some are beneficial for the United States and some are not.

National Security

The terrorist attacks of September 11 increased our awareness that immigration policy—including the foreign student program—has national security consequences. The policy issue that generated the most concern is that neither the State Department nor the INS knows the number or location of foreign students in the United States. The INS, for instance, does not know if a particular foreign student has enrolled at the institution where he or she was originally accepted; the agency does not know if the student is making "normal progress" towards a degree or certificate; and the agency does not know if the foreign student leaves the country at the time the visa expires, or simply becomes yet another illegal alien who overstayed his visa. This worry led to the development of a computerized system, scheduled to begin operation in 2003, which will better track the 1 million foreign students believed to be in the country.

By delegating the responsibility for selecting foreign students to tens of thousands of institutions, the INS has itself created security problems that would not exist in a more tightly controlled system.

But the national security concerns are far from solved even if it were possible to track every single foreign student most of the time. After all, by delegating the responsibility for selecting foreign students to tens of thousands of institutions, the INS has itself created security problems that would not exist in a more tightly controlled system. As an example, on October 2001, shortly after the Federal Aviation Administration lifted a ban that restricted solo flying by novice pilots in private airplanes, 14 Syrian men with student visas entered the United States through Dallas/Fort Worth. These men were all to be enrolled in a flight school, Delta-Qualiflight Aeronautics, which enrolls a very large number of Middle Eastern students. In fact, Arabic is the main language spoken at that school. Such visa-granting arrangements would surely raise serious scrutiny if the admission process at that school was reviewed by an agency that did not have a financial motive.

The terrorist attacks raise an additional and more important concern for how the foreign student program should be structured, a concern that has yet to be discussed publicly. The United States has traditionally banned the export of goods that it considers

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vital to its national security, such as supercomputers, encryption technology, or material that can be used to produced weapons of mass destruction. Yet there is no similar ban on the type of knowledge that can be acquired in American universities and exported abroad. The potential for this misuse of the visa program is not necessarily hypothetical. Consider, for example, the educational history of Dr. Rihab Rashida Taha. She obtained a Ph.D. in biology at the University of East Anglia in Norwich, United Kingdom. Her studies were funded by the Iraqi Ministry of Higher Education, and her doctoral research focused on plant poisons and crop disease. Upon return to Iraq, Dr. Taha, now known as Dr. Germ in the popular press, became the head of Saddam Hussein's bio-terrorism team.

Professor Paula Stephan and Grant Black of Georgia State University have recently compiled detailed information on the number and type of doctorates awarded to students originating in countries that are now targeted for increased security monitoring, including such countries as Algeria, Egypt, Iran, Iraq, Lebanon, Saudi Arabia, and Yemen.[9] Between 1981 and 1999, persons on student visas from those countries received 111 doctorates in nuclear and organic chemistry, with 40 of them going to Iranian students; 434 doctorates in chemical and nuclear engineering, with 106 going to Iranians; and 112 doctorates in atomic and nuclear physics, with 31 going to Iranians.

The security issues raised by these numbers are obviously serious and have far-reaching consequences. The Bush Administration recently proposed that a government panel review the application of foreign students who want to study in sensitive areas. This is likely to be an ineffective solution. The panel may need to screen as many as 2,000 applications per year and it will get little cooperation from universities. In fact, the Associated Press reports that a lobbyist for the universities—seemingly oblivious to the catastrophic cost of a security breach—is instead complaining that the panel's review "could delay entry into the country and prevent people from enrolling at the beginning of a school term." Can there be a better example of misplaced priorities in the higher education sector?

Inevitably, the United States will have to confront the question of whether to prevent foreign students belonging to particular national origin groups from entering particular types of educational programs. After all, the factors that have traditionally motivated the export restrictions on security-sensitive goods are equally relevant when thinking about restrictions in the type of foreign students admitted and the educational opportunities offered. In a post 9/11 world, the foreign student program cannot afford to forget the lesson of the old Chinese proverb: "Give a man a fish and you feed him for a day. Teach a man to fish, and you feed him for a lifetime."

The United States has traditionally banned the export of goods it considers vital to its national security, such as supercomputers, encryption technology, or material that can be used to produce weapons of mass destruction. Yet there is no similar ban on the type of knowledge that can be acquired in American universities and exported abroad.

Policy Options

The foreign student program needs radical surgery. The INS has little control over the number and type of students being admitted; the program is littered with corruption and fraud; and many educational institutions with the authority to admit foreign students look and act an awful lot like "visas-for-sale" storefronts.

The terrorist attacks of September 11 sparked a healthy—if belated—debate over the nature and structure of the foreign student program. Some policy changes have already been made—changes that have been stubbornly resisted by the higher education sector for years. These reforms will improve the tracking of foreign students, so that some governmental agency will know how many foreign students from particular countries are present in the United States and where these students are located. But this is only a short-run fix. So far, the debate has managed to completely avoid asking the single most important question: is such a large-scale foreign student program in the interests of the United States?

Once one stops mindlessly humming the "Ode to Diversity" that plays such a central role in the modern secular liturgy—and particularly so in higher education—it is far from clear that the program generates a net benefit for the United States. Surely foreign students benefit; many of them receive a highly subsidized education and a substantially improved chance

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to get the highly coveted green card that will let them live in the United States permanently. And surely colleges and universities benefit; they have a limitless supply of low-wage foreign student labor that is bound to keep wages and expenses down. But the benefits accruing to the entire economy are small, probably less than $1 billion a year. And this benefit is more than offset by the tuition subsidy that taxpayers grant to foreign students enrolled in public universities. As with much of the immigration debate, the net impact of foreign students is more subtle than the proponents of large-scale immigration would have us believe—whether the proponents are strawberry growers in Central California or bureaucrats in the ivy-covered halls of Princeton.

The time has come, therefore, for us to reevaluate and restructure the program. After all, what exactly is the rationale for having American taxpayers subsidize the tuition of the hundreds of thousands of foreign students enrolled in public universities? Is it sensible to have 73,000 institutions whose financial incentives likely collide with the national interest having the authority to admit foreign students? Are we better off when we admit so many foreign students that labor markets for high-skill manpower become highly distorted, motivating native-born Americans to study law and business instead of biology and chemistry? Finally, can we afford to ignore the national security rationale for keeping some educational programs off-limits to particular types of foreign students?

The remarkably powerful combination of INS ineptitude and the higher-education sector's greed perverted what would have seemed to be a sensible and noble effort into an economically dubious proposition and a national security fiasco. Perhaps the most important lesson provided by removing the mist and myth that surrounds the foreign student program is that it yet again shows the many ways in which our immigration policy has failed to serve the national interest.

End Notes

[1] Statement of Deputy Assistant Secretary for Visa Services, Department of State, Nancy Sambaiew, before the Subcommittee on Immigration and Claims of the Committee on the Judiciary, U.S. House of Representatives, May 5, 1999; available on line at: http://www.house.gov/judiciary/samb0505.htm.

[2] http://www.ief-usa.org/resources/marketfacts/marketfacts_china.htm

[3] Washburn, David and David Hasmyer. "Terrorists may have exploited student visas," *The San Diego Union-Tribune,* September 21, 2001.

[4] Dorgan, Michael. "China's Brightest Study, Stay in U.S.," *Pittsburgh Post-Gazette*, April 30, 2000.

[5] Winston, Gordon C. and Ivan C. Yen. "Costs, Prices, and Aid in U.S. Higher Education," Williams Project in the Economics of Higher Education, Working Paper DP-32, July 1995. Available on line at: http://www.williams.edu/wpehe/publications.html.

[6] Testimony of David Ward before the Committee on Education and the Workforce, U.S. House of Representatives, Subcommittees on 21st Century Competitiveness and Selected Education, October 31, 2001.

[7] Testimony of David Ward.

[8] Testimony of David Ward.

[9] Black, Grant and Paula Stephan. "Counts of Foreign-Born Doctorate Recipients and Temporary-Resident Doctorate Recipients at U.S. Institutions," Georgia State University, February 2002.

Backgrounders are intended to spur public debate and promote the development of better policy. The views expressed are not necessarily those of the Center for Immigration Studies or its funders. They are available on line free of charge at http://www.cis.org

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Backgrounder

An Evaluation of the Foreign Student Program

By George Borjas

This evaluation of the foreign student program concludes that:

- *The INS has little control over the number and type of students being admitted;*
- *The program is littered with corruption and fraud;*
- *American taxpayers subsidize a sizable part of the tuition of foreign students;*
- *The benefits from the program are greatly exaggerated, and the program may well generate a net economic loss for the country;*
- *The program is best viewed as yet another redistribution program, shifting wealth away from native workers and taxpayers and redistributing it to universities and foreigners.*

Many foreign leaders, ranging from Pakistan's former President Benazir Bhutto to Mexico's Carlos Salinas de Gortari, from Israel's Prime Minister Ehud Barak to Philippines' Corazon Aquino, obtained part of their education in the United States. One can easily argue that such training may be one of America's highest valued exports. By giving future foreign leaders first-hand exposure to American democratic values and showing them how the system works, we are presumably building a safer and more prosperous world.

Another foreign student, Hani Hasan Hanjour, a 26-year-old Saudi national, got a student visa to study English at ELS Language Centers in Oakland, California, a Berlitz-owned school that leases space at a local college. Hanjour did not attend a single English class. Instead, he became one of the terrorists in the plane that crashed into the Pentagon on September 11.

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